

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by  
5 changing Section 1-109.1 as follows:

6 (40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)

7 Sec. 1-109.1. Allocation and Delegation of Fiduciary  
8 Duties.

9 (1) Subject to the provisions of Section 22A-113 of this  
10 Code and subsections (2) and (3) of this Section, the board  
11 of trustees of a retirement system or pension fund  
12 established under this Code may:

13 (a) Appoint one or more investment managers as  
14 fiduciaries to manage (including the power to acquire and  
15 dispose of) any assets of the retirement system or  
16 pension fund; and

17 (b) Allocate duties among themselves and designate  
18 others as fiduciaries to carry out specific fiduciary  
19 activities other than the management of the assets of the  
20 retirement system or pension fund.

21 (2) The board of trustees of a pension fund established  
22 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may  
23 not transfer its investment authority, nor transfer the  
24 assets of the fund to any other person or entity for the  
25 purpose of consolidating or merging its assets and management  
26 with any other pension fund or public investment authority,  
27 unless the board resolution authorizing such transfer is  
28 submitted for approval to the contributors and pensioners of  
29 the fund at elections held not less than 30 days after the  
30 adoption of such resolution by the board, and such resolution  
31 is approved by a majority of the votes cast on the question

1 in both the contributors election and the pensioners  
2 election. The election procedures and qualifications  
3 governing the election of trustees shall govern the  
4 submission of resolutions for approval under this paragraph,  
5 insofar as they may be made applicable.

6 (3) Pursuant to subsections (h) and (i) of Section 6 of  
7 Article VII of the Illinois Constitution, the investment  
8 authority of boards of trustees of retirement systems and  
9 pension funds established under this Code is declared to be a  
10 subject of exclusive State jurisdiction, and the concurrent  
11 exercise by a home rule unit of any power affecting such  
12 investment authority is hereby specifically denied and  
13 preempted.

14 (4) For the purposes of this Code, "emerging investment  
15 manager" means a qualified investment adviser that manages an  
16 investment portfolio of at least \$10,000,000 but-less-than  
17 \$400,000,000-en-January-1,--1993 and is a "minority owned  
18 business" or "female owned business" as those terms are  
19 defined in the Minority-and-Female Business Enterprise for  
20 Minorities, Females, and Persons with Disabilities Act.

21 It is hereby declared to be the public policy of the  
22 State of Illinois to encourage the trustees of public  
23 employee retirement systems to use emerging investment  
24 managers in managing their system's assets to the greatest  
25 extent feasible within the bounds of financial and fiduciary  
26 prudence, and to take affirmative steps to remove any  
27 barriers to the full participation of emerging investment  
28 managers in investment opportunities afforded by those  
29 retirement systems.

30 Each retirement system subject to this Code shall prepare  
31 a report to be submitted to the Governor and the General  
32 Assembly by September 1 of each year. The report shall  
33 identify the emerging investment managers used by the system,  
34 the percentage of the system's assets under the investment

1 control of emerging investment managers, and the actions it  
2 has undertaken to increase the use of emerging investment  
3 managers, including encouraging other investment managers to  
4 use emerging investment managers as subcontractors when the  
5 opportunity arises.

6 The use of an emerging investment manager does not  
7 constitute a transfer of investment authority for the  
8 purposes of subsection (2) of this Section.

9 (Source: P.A. 86-1488; 87-1265; revised 8-23-99)

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.